

Budget war showcases sharp contrast in values and priorities

By Greg Sargent , Updated: March 12, 2013

Tomorrow, Senate Democrats will propose a plan to replace the sequester that contains \$100 billion in ... stimulus spending.

Yep, you read that right. According to a source familiar with the proposal, Democrats will offer a plan tomorrow that does not simply cut the deficit amid mass unemployment. It takes steps to mitigate the damage the cuts are expected to do to the economy by spending to boost job creation and job training.

According to the source, the plan — which is being presented by Senate Budget Committee Chairperson Patty Murray to the Dem caucus today — replaces the whole sequester and includes a total of \$1.85 trillion in deficit reduction, derived from a 50-50 split of cuts and revenues derived from closing tax loopholes. The spending cuts include \$275 billion in cuts to health care spending (but no Medicare benefits cuts; the source says cuts would be focused on the provider side), another \$200 billion in non-defense spending cuts, \$240 billion in defense cuts, and \$242 billion in reduced interest rates.

It would spend \$100 billion to boost the economy through spending on infrastructure repair and job training — all paid for by closing loopholes and cuts to “wasteful spending.” Total in new revenues: \$975 billion. (Details are not yet available.)

Now, surely deficit hawks will find the health care spending cuts wanting. But the point here is that even if you grant that this won’t do much of anything to deal with long term health care costs, this is a generally balanced way to avert the immediate threat posed to the economy by the sequester, if by “balanced,” we mean, “gives both sides some of what they want.” It cuts spending amid the fragile recovery, but does include some stimulus to cushion the impact of deficit reduction. It reduces health care spending while avoiding harm to beneficiaries. Both of those are enabled partly by closing the sort of millionaire loopholes Republicans used to favor closing back when they were trying to do that to avoid raising tax *rates* on the rich, during the fiscal cliff fight.

The contrast in values and priorities between the Dem approach and the new Ryan budget could not be more stark. As [Ezra Klein details](#), the Ryan plan embodies a fundamental and deep transformation of the role of the federal government in maintaining the safety net and investing in education and infrastructure. It cuts deeply into spending on health care for the poor and would require a massive rollback of spending on some combination of a range of other programs, even as the top tax rate — on the rich — is slashed to 25 percent. Crucially, the Ryan budget employs scary language about *long term* debt Armageddon to justify

slashing the safety net and doubling down on austerity at a time of mass unemployment and deeply sluggish growth. But as Ezra notes, the reality of our long term fiscal challenges just doesn't justify such extreme measures. The Ryan plan isn't really about deficits or debt. It's about shrinking government, whatever harm is done to the poor and to the economy be damned.

The deficit hawks will scoff at the Senate Dem plan as "unserious." But the Dem plan represents at least an attempt at some kind of compromise. The Ryan plan represents a continuing, unrepentant, wholesale commitment to the extreme worldview that got decisively repudiated in the last election. The Ryan proposal is really the one that deserves to be seen as marginal and deeply irresponsible.

UPDATE: I initially got the numbers wrong. I've updated to correct.

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